

Message Text

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ACTION ARA-06

INFO OCT-01 L-01 EB-03 ISO-00 SS-14 INR-05 SP-02 INRE-00

SSO-00 /032 W

----- 129067

O 212330Z SEP 76 ZFF4

FM AMEMBASSY QUITO

TO SECSTATE WASHDC IMMEDIATE 1640

INFO AMEMBASSY SAN SALVADOR IMMEDIATE

C O N F I D E N T I A L QUITO 6808

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SAN SALVADOR FOR MR. SHLAUDEMAN

E.O. 11652: GDS

TAGS: ENRG PFOR EC

SUBJ: GULF DISPUTE

REF: STATE 233196

1. I AM FRANKLY DEPRESSED BY THE IMPLICATIONS OF REFTTEL. THE DEPARTMENT IS GOING TO BE FORCED TO "CONVEY A USG POSITION" IF GULF IS CADUCED NINE DAYS HENCE. AT SUCH TIME, THE POSITION SEEMS QUITE LIKELY TO BE THAT GULF HAS BEEN EXPROPRIATED AND IS DUE FULL COMPENSATION (STATE 229301, PARA. 3; STATE 224454, PARA. 3). THIS POSITION, IN TURN, WILL PLACE THE USG AND THE GOE ON A COLLISION COURSE, IN WHICH BOTH COUNTRIES' INTERESTS WILL BE DAMAGED.

2. IN THIS SITUATION, I BELIEVE IT IS INCUMBENT UPON THE DEPARTMENT TO TAKE A POSITION ON THE MERITS OF GULF'S NEGOTIATING POSTURE. TO DO LESS IS TO ABDICATE RESPONSIBILITY FOR THE PROTECTION OF US INTERESTS HERE. THESE INTERESTS, AS I HAVE STATED MORE THAN ONCE, WHILE NOT LARGE, DO
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ENCOMPASS MORE THAN GULF'S INVESTMENT E.G. ECUADOR'S

ACCEPTANCE, EVEN TACIT, OF AN LOS TREATY, PROTECTION OF OUR TUNA INDUSTRY'S ACCESS TO THE TUNA RESOURCES OFF ECUADOR'S COAST, OTHER US INVESTMENTS AND COMMERCIAL INTERESTS (INCLUDING TEXACO), AND MINIMIZING ECUADOR'S INCENTIVE TO PLAY THE TROUBLEMAKER IN INTERNATIONAL FORA.

3. AS FOR THE PROTECTION OF GULF'S OWN INTERESTS, REGARDLESS OF THE GOE'S PAST SINS OF OMISSION AND COMMISSION WITH RESPECT TO THE OIL COMPANIES, THE GOE CANNOT ALLOW ITSELF TO BE PERCEIVED BY THE PUBLIC HERE TO BE LETTING GULF GET BY WITH WHAT TO ALL APPEARANCES IS AN ATTEMPT TO EXTORTION. NEVERTHELESS, THE GOE HAS INDICATED A WILLINGNESS TO WORK OUT A COMPROMISE ON THE DEPOSIT QUESTION PROVIDED THE APPEARANCE OF FULL COMPLIANCE BY GULF IS ACHIEVED. UNFORTUNATELY, GULF PERSISTS IN UNDERESTIMATING THE GOE'S NEED TO PRESERVE ITS DIGNITY AND INDEED ITS TUNURE. IF GULF IS CADUCED NINE DAYS HENCE, GULF WILL IN LARGE MEASURE HAVE BROUGHT IT ON ITSELF BUT THE USG WILL BE CALLED UPON TO PICK UP THE PIECES.

4. IN THESE CIRCUMSTANCES, I BELIEVE THE DEPARTMENT HAS AN OBLIGATION TO LOOK BEYOND THE LEGAL PROS AND CONS OF GULF'S CASE AND TAKE INTO ACCOUNT THE FACT THAT BY WITHHOLDING \$50 MILLION IN DEPOSITS GULF HAS CREATED A SITUATION IN WHICH THE ABILITY OF THE USG TO DEFEND GULF EFFECTIVELY (I.E. POLITICALLY) SHOULD TI BE CADUCED, WILL BE EXTREMELY WEAK.

5. THAT IS THE POSITION I HAD HOPED THE DEPARTMENT WOULD HAVE TAKEN WITH GULF, AND ARE THE THOUGHTS I INTEND TO CONVEY TO GULF OFFICIALS FROM CORAL GABLES WHEN I SEE THEM TOMORROW. I WILL, OF COURSE, IN LINE WITH REFTTEL, MAKE IT CLEAR THAT I AM EXPRESSING ONLY MY PERSONAL VIEWS.

6. LET ME EMPHASIZE THAT I WILL CONTINUE TO TAKE A FIRM LINE VIS A VIS GOE OFFICIALS REGARDING THE VALIDITY OF GULF'S GRIEVANCES, THE PROBABLE UNFAVORABLE CONSEQUENCES FOR ECUADOR SHOULD GULF BE CADUCED, AND THE NEED TO WORK OUT AN AMICABLE SETTLEMENT.

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, NATIONALIZATION, COMPENSATION, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 21 SEP 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: blochd0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976QUITO06808
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760357-0084
From: QUITO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760937/aaaabfjb.tel
Line Count: 107
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS, STADIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS, STADIS
Reference: 76 STATE 233196
Review Action: RELEASED, APPROVED
Review Authority: blochd0
Review Comment: n/a
Review Content Flags:
Review Date: 16 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 JUL 2004 by izenbei0>; APPROVED <27 OCT 2004 by blochd0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GULF DISPUTE
TAGS: ENRG, PFOR, EC, US, GULF OIL
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006